

Table 26
Fremont Industrial Market Lease and Vacancy Rates, 2004 - 2010
South Fremont/Warm Springs Area Study; EPS#20050

Item	2004	2005	2006	2007	2008	2009	Q2 2010
R&D							
Average Annual Lease Rate (NNN)	n/a	\$0.82 21.3%	\$0.86 22.1%	\$0.93 21.2%	\$1.04 20.7%	\$0.87 23.9%	\$0.82 22.3%
Average Annual Vacancy							
Warehouse							
Average Annual Lease Rate (NNN)	n/a	\$0.43 13.7%	\$0.43 11.1%	\$0.48 9.0%	\$0.51 7.4%	\$0.46 5.6%	\$0.43 6.1%
Average Annual Vacancy							
Manufacturing							
Average Annual Lease Rate (NNN)	n/a	\$0.55 9.2%	\$0.61 8.1%	\$0.67 8.2%	\$0.69 3.4%	\$0.62 5.6%	\$0.57 5.2%
Average Annual Vacancy							

Notes: NAI BT Commercial merged with Cassidy Turley at the beginning of 2010. Cassidy Turley BT maintains a historical building records; however, comparison of previous reports to those after the merger may show different statistics due to reclassification of buildings and revised building sizes.

Sources: NAI BT Commercial; Economic & Planning Systems, Inc.

and recreation services, and financial and professional services. These projections suggest a shift from manufacturing, wholesale, and distribution toward service jobs, particularly in the health, education, and recreation category (see **Table 27**).

Silicon Valley is expected to continue its economic growth at a higher rate than the I-80/880 Corridor in the coming years. According to ABAG Projections 2009, approximately 666,000 new jobs are forecasted to be added by 2035 (see **Table 28**). Rapid growth industries include financial and professional services, and information, construction, and public administration with health, education, and recreation employment growing by the highest absolute number.

Industry leaders believe that companies in Silicon Valley have the opportunity to build upon existing expertise in technology to create new products and services. Venture capital investment is likely to provide new opportunities where biotech, nanotech, clean tech, and information technology firms have become an important aspect of the regional economy. While job growth is expected to occur in a number of different sized businesses, start-ups and small firms are expected to drive the next wave of economic expansion.⁷

Fremont's Employment Projections

ABAG Projections 2009 estimate that the City of Fremont will grow from 94,000 jobs in 2010 to 140,000 jobs in 2035. This growth will add 46,000 jobs over the next 25 years, an overall increase of about 49 percent (see **Table 29**). Compared to the projections for Silicon Valley, this job growth represents about 7 percent of the new jobs projected for Santa Clara and San Mateo Counties, a capture rate close to that experienced during the late 1990s. This job projection puts Fremont as the second highest employment growth city in absolute terms on the I-80/880 Corridor, only behind Oakland, and the sixth highest in the Bay Area. Fremont's projected rate of growth of 49 percent or 1.6 percent on average annually is above the I-80/880 Corridor average and below the Silicon Valley average.

Information, construction, and public administration jobs are expected to account for the largest growth rate, followed by health, education, and recreation, and the financial and professional services employment sector (see **Table 29**). This represents a proportionate shift from the more traditional industrial sector to a range of service jobs, though the manufacturing, wholesale, and transportation category is still expected to remain the largest sector in 2035 with 36 percent of all City jobs compared to 41 percent in 2010.

Like all projections, the ABAG projections represent, by definition, growth projections relating to an uncertain future. Based on a region-wide model, the projections tend to be more accurate the larger the area considered, and become less so as the area of study becomes smaller. Historically, the ABAG projections have tended to be optimistic, and, as a result, these job growth projections for the City of Fremont are considered optimistic projections.

⁷ San Jose Economic Development Strategy.

Table 27
I-80/I880 Corridor Projected Employment Growth (2010-2035)*
South Fremont/Warm Springs Area Study; EPS#20050

Item	2010	2020	2035	2010-2035 Growth		
				#	%	%/Yr
Jobs						
Manuf, Wholesale & Trans.	143,240	161,390	194,100	50,860	2,034	36%
Retail	51,820	60,130	75,630	23,810	952	46%
Financial & Prof. Service	92,550	104,500	135,580	43,030	1,721	46%
Health, Ed. & Rec. Service	172,980	202,230	256,240	83,260	3,330	48%
Other (1)	70,310	76,680	96,910	26,600	1,064	38%
Total/Average (2)	530,900	604,930	758,460	227,560	9,102	43%
						1.4%

*Includes the Cities of Oakland, Emeryville, San Leandro, Berkeley, Hayward, Union City, Newark, and Fremont.

(1) Includes Information, Construction, and Public Administration.

(2) Excludes agriculture and natural resources jobs.

Source: ABAG Projections 2009; Economic & Planning Systems, Inc.

Table 28
Silicon Valley Projected Employment (2010-2035)
South Fremont/Warm Springs Area Study; EPS#20050

Item	2010	2020	2035	2010-2035 Growth		
				#	#/Yr	%
Jobs						
Manuf, Wholesale & Trans.	346,860	396,780	469,200	122,340	4,894	35%
Retail	117,460	136,450	191,280	73,820	2,953	63%
Financial & Prof. Service	256,350	305,390	422,460	166,110	6,644	65%
Health, Ed. & Rec. Service	362,940	437,680	564,570	201,630	8,065	56%
Other (1)	<u>162,580</u>	<u>193,670</u>	<u>264,570</u>	<u>101,990</u>	<u>4,080</u>	63%
Total/Average (2)	1,246,190	1,469,970	1,912,080	665,890	26,636	53%
						1.7%

Note: Includes San Mateo and Santa Clara Counties.

- (1) Includes Information, Construction, and Public Administration.
- (2) Excludes agriculture and natural resources jobs.

Source: ABAG Projections 2009; Economic & Planning Systems, Inc.

Table 29
Fremont Projected Employment Growth (2010-2035)
South Fremont/Warm Springs Area Study; EPS#20050

Item	2010	2020	2035	2010-2035 Growth		
				#	#/Yr	%
Population (1)	214,089	230,600	256,200	42,111	1,684	20%
Households (1)	71,004	76,790	86,000	14,996	600	21%
Employed Residents	104,270	121,480	156,340	52,070	2,083	50%
Jobs						
Manuf, Wholesale & Trans.	38,780	38,750	50,430	11,650	466	30%
Retail	9,210	10,820	11,780	2,570	103	28%
Financial & Prof. Service	16,290	16,550	25,020	8,730	349	54%
Health, Ed. & Rec. Service	22,670	26,380	39,360	16,690	668	74%
Other (2)	<u>7,420</u>	<u>8,480</u>	<u>13,780</u>	<u>6,360</u>	<u>254</u>	86%
Total (3)	94,370	100,980	140,370	46,000	1,840	49%
						1.6%

(1) 2010 Population and Household counts from Census 2010. Forecasts from ABAG Projections, 2009.

(2) Includes Information, Construction, and Public Administration.

(3) Total excludes Agriculture and Natural Resources category.

Sources: U.S. Census Bureau, 2010; ABAG Projections, 2009; Economic & Planning Systems, Inc.

Building Space Needs

Citywide Demand

The demand for work space is directly linked to the type and amount of employment growth. EPS has converted ABAG jobs projections for the City of Fremont into demand for building space based on assumptions regarding space needs by employee type. The allocation of jobs among building space categories is shown in **Table 30** and the space per employee assumptions used to convert employment into building area demand as well as results of the citywide space needs analysis are provided in **Table 31**, while **Table 32** shows the assumptions used to convert the City workspace demand into workspace needs.

- **Office.** Over the next 25 years a total of about 10,700 new jobs requiring non-medical office space are projected, representing an overall need for 2.9 million square feet of space. This represents about 117,000 square feet each year.
- **R&D.** Over the next 25 years a total of about 5,600 new jobs requiring R&D space are projected, representing an overall need for about 2.5 million square feet of building space. This represents about 100,000 square feet each year.
- **Warehouse/Manufacturing.** Over the next 25 years a total of about 10,000 new jobs requiring industrial space (manufacturing/warehouse/distribution) are projected, an overall need for about 7.0 million square feet of space or 280,000 square feet a year.
- **Medical Institutional/Office.** A total of about 6,000 new health care services jobs are projected, representing an overall need for about 1.7 million of building spaces over the next 25 years, equivalent to about 65,000 square feet a year. Based on typical ratios, about half of this growth would be accommodated within hospital/other institutional uses and half would occur in private medical office space. The implication is the need for about 850,000 square feet of medical office space, or about 32,500 square feet each year.

Future Industrial Development

This chapter considers the potential demand for R&D Flex, manufacturing, and warehouse/distribution space in the context of the potential locations in the City and draws baseline conclusions for the Warm Springs area.

Core Industrial Areas

The large majority of future R&D Flex, manufacturing, and warehouse/distribution uses will locate in one of the City's three core industrial areas: Ardenwood, Baylands, and Warm Springs. **Figure 16** shows the location and outline of each of the core industrial areas in the City.⁸ These areas comprise approximately 3,300 acres when public rights-of-way and wetlands

⁸ The outlined areas represent the industrial core of the three key districts as defined with input by City staff.

Table 30
Building Space Allocation for Nonresidential Growth
South Fremont/Warm Springs Area Study; EPS#20050

Industry Sector	Building Type					
	Office	R&D	Warehouse/ Manufacturing	Retail	Medical Office/ Institutional	Other Institutional
Ag & Natural Resources	5%	10%	25%	0%	0%	0%
Manuf, Wholesale & Trans.	5%	25%	70%	0%	0%	0%
Retail	10%	0%	10%	80%	0%	0%
Financial & Prof. Service	75%	20%	0%	0%	0%	5%
Health Care & Social Assist.	5%	0%	5%	0%	90%	0%
Education & Rec. Service	20%	0%	10%	0%	0%	20%
Other Sectors (2)	15%	15%	5%	0%	0%	50%

(1) Includes people not requiring workspace, such as some construction workers, some agriculture workers, and persons who work from home.

(2) Includes Information, Construction, and Public Administration.

Source: Economic & Planning Systems, Inc.

Table 31
Fremont Projected Workspace Demand (2010-2035)
South Fremont/Warm Springs Area Study; EPS#20050

Item	Office (1)		R&D (2)		Warehouse/Manuf. (3)		Retail (4)	
	Jobs	Sq. Ft.	Jobs	Sq. Ft.	Jobs	Sq. Ft.	Jobs	Sq. Ft.
Ag & Natural Resources	0	0	0	0	0	0	0	0
Manuf, Wholesale & Trans.	583	160,188	2,913	1,310,625	8,155	5,708,500	0	0
Retail	257	70,675	0	0	257	179,900	2,056	822,400
Financial & Prof. Service	6,548	1,800,563	1,746	785,700	0	0	0	0
Health Care & Social Asst.(6)	334	91,795	0	0	334	233,660	0	0
Education & Rec. Service (6)	2,003	550,770	0	0	1,001	700,980	0	0
Other (7)	954	262,350	954	429,300	318	222,600	0	0
Total	10,678	2,936,340	5,613	2,525,625	10,065	7,045,640	2,056	822,400

(1) Assumes 275 square feet per employee.

(2) Assumes 450 square feet per employee.

(3) Assumes 700 square feet per employee.

(4) Assumes 400 square feet per employee.

(5) Assumes 350 square feet per employee.

(6) It is assumed that 40% of Health, Education & Recreation Service jobs are in the Healthcare & Social Assistance category based on the Alameda County employment average.

(7) Includes Information, Construction, and Public Administration.

Source: ABAG Projections 2009; Economic & Planning Systems, Inc.

Table 31
Fremont Projected Workspace Demand (2010-2035)
South Fremont/Warm Springs Area Study; EPS#20050

Item	Institutional (5)		Med. Office/Instit. (1)		Other Workspace		Projected Building Sq.Ft.
	Jobs	Sq. Ft.	Jobs	Sq. Ft.	Jobs	Sq. Ft.	
Ag & Natural Resources	0	0	0	0	0	0	0
Manuf, Wholesale & Trans.	0	0	0	0	0	0	7,179,313
Retail	0	0	0	0	0	0	1,072,975
Financial & Prof. Service	0	0	0	0	437	0	2,586,263
Health Care & Social Asst. (6)	0	0	6,008	1652310	0	0	1,977,765
Education & Rec. Service (6)	5,007	1,752,450	0	0	2,003	0	3,004,200
Other (7)	3,180	1,113,000	0	0	954	0	2,027,250
Total	8,187	2,865,450	6,008	1,652,310	3,393	0	17,847,765

- (1) Assumes 275 square feet per employee.
- (2) Assumes 450 square feet per employee.
- (3) Assumes 700 square feet per employee.
- (4) Assumes 400 square feet per employee.
- (5) Assumes 350 square feet per employee.
- (6) It is assumed that 40% of Health, Education & Recreation Service jobs are in the Healthcare & Social Assistance category based on the Alameda County employment average.
- (7) Includes Information, Construction, and Public Administration.

Source: ABAG Projections 2009; Economic & Planning Systems, Inc.

Table 32
Projected Workforce Space Needs in Fremont*, 2010 - 2035
South Fremont/Warm Springs Area Study; EPS#20050

Item	Office	R&D	Warehouse/ Manufacturing	Medical Office/ Instit.	Other Instit.	Total
Jobs	10,678	5,613	10,065	6,008	8,187	40,551
% of Total	26%	14%	25%	15%	20%	100%
Building Square Feet (1)	2,936,000	2,526,000	7,046,000	1,652,000	2,865,450	17,025,450
% of Total	17%	15%	41%	10%	17%	100%

*Does not include retail.

(1) Rounded.

Source: ABAG Projections 2009; Economic & Planning Systems, Inc.